GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:2853
ANSWERED ON:22.08.2006
BLACKMARKETING OF READYMADE GARMENTS
Naik Shri Shripad Yasso;Pandey Dr. Laxminarayan

Will the Minister of TEXTILES be pleased to state:

(a) Whether black-marketing of readymade garments in the names of fake companies is being done and exporters are causing huge loss to the Government by availing of duty draw-backs;

(b) If so, the details thereof;

(c) The number of companies and persons booked by the Government for being involved in such activities so far; and

(d) The action taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN)

(a) Government is not aware of black marketing of readymade garments in the names of fake companies. However, export of inferior quality readymade garments in the names of fictitious companies at overinvoiced prices to avail of unintended drawback has been noticed.

(b) During the year 2005-06 and 2006-07 (upto 31st July, 2006), 63 cases of wrongful claim / availment of drawback in respect of readymade garments exported / shown to have been exported in the names of fictitious companies involving Rs.55.76 crores were detected.

(c) & (d) Majority of the cases detected are at various stages of investigation. In some cases, show cause notices have been issued to disallow the unintended benefits. An amount of Rs.0.97 crores has been recovered, a sum of Rs.1.47 crore lying in bank accounts of exporters has been frozen and disbursal of Rs.1.64 crores has been stopped. Further, 15 persons have been arrested and two persons detained under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act. 1974.